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January 2, 2020

VIA ELECTRONIC FILING

Jocelyn G. Boyd, Esquire
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29210

RE: South Carolina Energy Freedom Act (H.3659) Proceeding to Establish Dominion Energy South Carolina, Incorporated's Standard Offer, Avoided Cost Methodologies, Form Contract Power Purchase Agreements, Commitment to Sell Forms, and Any Other Terms or Conditions Necessary (Includes Small Power Producers as Defined in 16 United States Code 796, as Amended) - S.C. Code Ann. Section 58-41-20(A)
Docket No. 2019-184-E

Dear Ms. Boyd:

The South Carolina Office of Regulatory Staff has reviewed the Petitions for Reconsideration ("Petitions") of Commission Order No. 2019-847¹ and offers the following response to the matters raised in the Petitions:

1. The Commission was faced with the difficult task of setting avoided cost rates where parties have very divergent interests. ORS respectfully submits that the Commission issued an order balancing those divergent interests based on the evidence introduced into the record, as required by law. See, *Seabrook Island Property Owners Ass'n v. S. C. Public Service Commission*, 303 S.C. 493, 496, 401 S.E.2d 672, 674 (1991) (PSC discretion cannot be exercised without a factual basis to support the commission's decision); *Porter v. S.C. Public Service Commission*, 333 S.C. 12, 21, 507 S.E.2d 328, 332 (1998) (PSC must fully document its findings of fact and base its decision on reliable, probative, and substantial evidence on the whole record).

¹ See Petition for Reconsideration filed by Johnson Development Associates, Incorporated and South Carolina Solar Business Alliance on December 19, 2019 (revised and re-filed on December 23, 2019), and the Petition for Reconsideration filed by the South Carolina Coastal Conservation League and Southern Alliance for Clean Energy on December 19, 2019.

2. If the Commission is inclined to reconsider or rehear the establishment of the **Variable Integration Charge or Embedded Integration Charge** (“VIC” or “EIC”), ORS does not support a charge of \$0.00 as we believe that impermissibly transfers integration costs to customers. In accordance with Act 62, any decision by the Commission must be “just and reasonable to the ratepayers of the electric utility...and shall strive to reduce the risk placed on the using and consuming public.” S.C. Code Ann. §58-41-20(A). ORS supports the Commission’s decision adopting an interim VIC/EIC of \$2.29/MWh which is substantially less than that proposed by DESC of \$4.14/MWh. However, ORS does not oppose a true-up of the interim integration charge (including retroactively) as requested by JDA/SBA should an integration study or other independent technical review (with stakeholder input) result in lower integration costs. Additionally, ORS supports review and Commission approval of those situations where there is a “controlled solar generator” and thereby the VIC/EIC charge may be avoided.

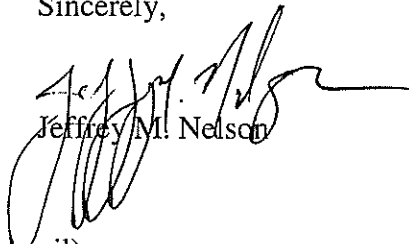
3. If the Commission is inclined to reconsider or rehear the establishment of the **avoided capacity rates**, ORS supports and encourages adoption of the avoided capacity rates proposed by witness Brian Horii. Regarding the **avoided energy rates**, ORS respectfully submits that the rates adopted by the Commission are based on the substantial evidence in the record.

4. The Commission’s ruling on the duration of the power purchase agreements (PPAs) is based on the existing record evidence. However, if the Commission is inclined to grant limited rehearing to consider additional evidence on this issue, ORS does not oppose limited rehearing.

Due to the time constraints and the intervening holidays, ORS is providing this letter response but requests that the Commission permit ORS and the other parties until January 13, 2019 to provide a proposed order subsequent to and consistent with the Commission’s ruling on January 3, 2020.

Finally, some of the above issues identified above, such as the VIC/EIC charge, could possibly be settled, and ORS is willing to facilitate dispute resolution among the parties if they are willing to engage in such discussions.

Sincerely,



Jeffrey M. Nelson

cc: All Parties of Record (via e-mail)
Joseph Melchers, Esquire (via e-mail)